

GOELA SCHOOL OF FINANCE

THE ULTIMATE CHEAT CODE TO MULTIBAGGERS

CREATING LONG TERM WEALTH

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Why Multibaggers?

Multibaggers are the master key towards becoming wealthy, if not a renowned investor. Every so-called big-bull had at least one stock which made him “big-bull”. Multibagger are essentially those real stories in which people put in a few thousands or lakhs and reap the profits of investments in crore and crores. Feels highly lucrative, don’t they?

Let’s see some of the renowned individual investors and their Multibaggers:

Harshad Mehta	ACC
Rakesh Jhunjhunwala	Titan
Vijay Kedia	Punjab Tractors
RK Damani	India Cements
Dolly Khanna	Unitech
Ramadeo Agarwal	Airtel
Porinju	Biocon
Warren Buffet	Coca Cola

While you may find innumerable YouTube videos with clickbait thumbnails feeding you up with tips, we’ll guide you to create your Multibagger with ease through this complete get-a-multibagger guide. So let’s dive in:

Definition of a Multibagger:

Any stock which gives several times returns on investment is known as a multibagger. In numerical terms, if you hold a stock that is giving you a 100% or more return, then **YOU'RE HOLDING A MULTIBAGGER.**

Feels amazing??? But hold *ruko zara, sabar karo*; let us burst some of your balloons of misconception about Multibaggers.

Busting myths about Multibagger:

Through this complete get-a-multibagger guide you will be able to create your Multibagger with ease. So let's dive straight in:

1. Double or more return, but in what time?

There's no specific timeline that returns should be made within them. It varies from person to person as some may find their multibagger in around 10 years while some require only 4-5 years. If somebody crashes upon a good correction, they may even find it in a few months.

Like in the market fall in Feb-Mar 2020, if anyone invested at that time, they would have easily got more than 100% return in a span of some 8-9 months, and would have got a dividend income too, thus making their investment a multibagger.

On the contrary some of the individual investors are still holding the stock and will continue to do so, essentially making their entire portfolio full of multibaggers.

2. If some stock makes a 100% return in a few months, will it still be a multibagger?

Technically, by definition yes! But the catchphrase here is multibagger is a term used for stocks purchased through Fundamental Analysis and they are long term, which signifies you should have reaped its dividends at least twice during the holding period; thus separating them from the trading category.

The essence of a multibagger is to hold the stock and reap the dividends, bonuses and splits and not to sell after getting a 100% return in a stock. Multibaggers are generally held for long term, e.g. years, say 10 years.

3. The majority of the investors had bought their Multibaggers at a price below Rs. 100, so should we be looking into penny stocks?

Not at all! Multibagger is a stock, it need not be always a penny stock. If a stock priced at Rs 1000 moves up to 2000 then it is a multibagger. There's a very feeble chance that a penny stock becomes a multibagger, and yes don't forget to do your fundamental analysis. Now you may ask, big investors bought at low prices; Yes, but count inflation into account and they never bought at that price, their average buying price was low.

Even if you invested in Reliance, without any fundamental analysis just after the market fall, you would have bought at 800-1000 and it went up to 2500 creating a multibagger in the easiest ways. All you need is a vision and will to hold in tough and best times.

4. Multibaggers are found!

You got it wrong bud, as Multibaggers are created not found, and that's why we mentioned creating everytime! Every one of us has bought a multibagger at a point in our stock market life, but what we did was to sell it at a nominal profit of 10% or maybe max 50%. The thing is we have to get over our minds and stop us from booking small profits and start visualizing the long term goals. Patience and Conviction will be the biggest rivals of yours and emotions and logic will simply take a side route from the window, as the hell ride of emotions will begin.

Find any sector which has relevance to common folk or has a prospective emerging future, add a touch seasoning of performance tracking and pinch of Fundamental analysis with huge portions of faith developed by performance history and voila, your multibagger is ready for you and your generations to savor...

Which were the recent Multibaggers since 2010 (till 2020)?

Name of Multibagger	2010 Price	2020 Price	Return
Bajaj Finance	32	4253	13178%
Eicher Motors	655	22239	3294%
Bajaj Finserv	339	9446	2683%
Page Inds	874	23450	2582%
Britannia	168	3042	1710%
Titan	71	1191	1575%
TVS	32	465	1338%
Pidilite	98	1398	1331%
MRF	6034	65536	986%

and many many many more...

This shows us Multibaggers can be found in almost every sector, we just have to have an eyesight for that. After investing you just need the patience to hold!

Probable upcoming Multibaggers:

If you observe the previous list and data, was there any sector remaining that did not produce multibagger?

The answer is NO! Every sector produced a multibagger.

Therefore every sector will produce at least one upcoming multibagger! All we need is a simple Fundamental Analysis merged with continuous performance checks!

Action Plan: Stop Regretting and start investing:

After watching the phenomenal results of the multi-baggers shared with you earlier, you would be pondering, if my father or grandfather would have bought and held those stocks till now....

The thing is what has happened is a thing of the past and nothing can be done about it now. What opportunities lie in front of us is the main thing we have to focus on right now and start investing so our grandchildren don't say the same thing about us!

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It's always better to take action than to regret, and you can always start with a few thousand bucks in the SIP mode if you don't have a huge capital in the beginning. You will always end up with a huge capital, if you do analysis right and stick to your system.

How to create Multibaggers?

Now you may be thinking, It's okay! Leave all the criticism behind; I'll start investing in a multibagger. But the moment you think of it, you will be puzzled about what the process is. The process is extremely simple and is already available on the internet for free. Yes, you read it right, it's FREE.

But instead of searching the process, we search tips on Google, Social Media, YouTube where people tell their opinions that this is a multibagger, rather than explaining the entire process. So here's our small, robust and tested process:

1. Should not be a Penny Stock at all.

The company should not be priced below 100 INR as they have a high tendency to get wiped off in a considerable correction. Only 1 out of 100 penny stocks will be becoming a multibagger, so will you be investing in that company?

Definitely NO! You will be investing in a company that has good financials and Good management, irrespective of the price of the company. Even if you invested in the Tech Giant TCS which fell to 1654 in March 2020, you would have reaped 100%+ return when the stock marched past to 3300 in Jan 2021. So you have to understand, rushing after penny stocks won't give you a multibagger, as the company's financials and stature itself indicate that the company is worth a penny!

Now you may think that why did the big bulls buy penny stocks. Answer- Inflation. Earlier the blue chips were available at 400 odd bucks but now almost all of them are priced above 1000; so that's the role of inflation, and thus why 66Rs at 2010 was a 4% inflation equivalent to todays 100 and same applied to 44Rs in 2000.

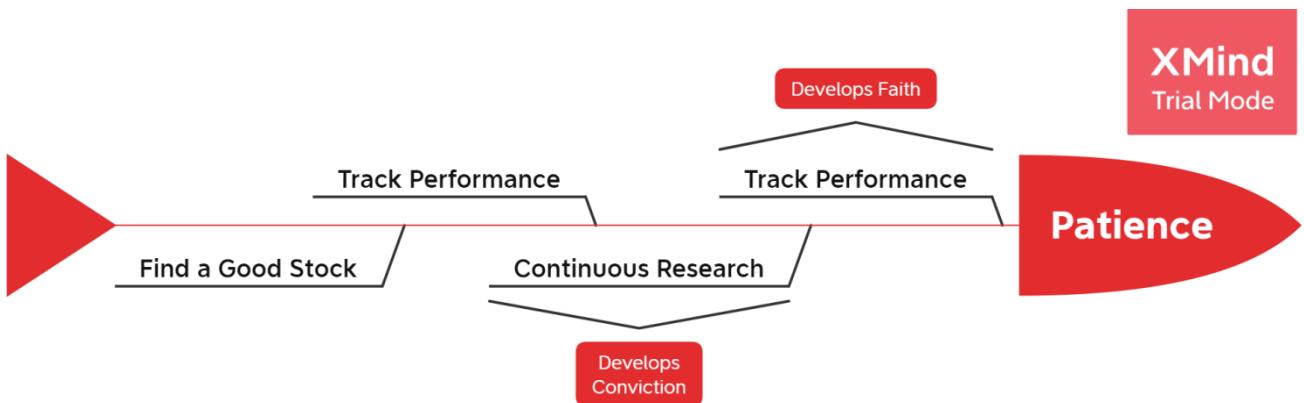
2. Great Fundamental analysis is not required to find a multibagger.

Yes, that's quite true, because if the contrary was true every Havard/MBA/B.Com. graduate would have found a multibagger, but that's not the case. The glitch in the mindset is we rush for buying at a cheaper price but the key player in this is HOLDING which requires 80% of your efforts as you are holding for 10 years.

Even if you do a SIP every month of a good stock, you'll be amazed that it will prove to be a multibagger in the next decade. You just have to trust your instincts and analysis!

3. The Flowchart of patience

Start from the tail of this fishbone flowchart, and you'll understand how patience can be developed in long term investing.



Firstly, you have to find a good stock among the innumerable listed on the exchange. Then you will have to track its performance over time. Through simultaneous research you'll be able to develop conviction for the stock, which will result in development of faith, making you patient in your investment.

This is the crude methodology of developing patience in stock markets in the long term, which you need to constantly practice over time.

The essence of Fundamental Analysis:

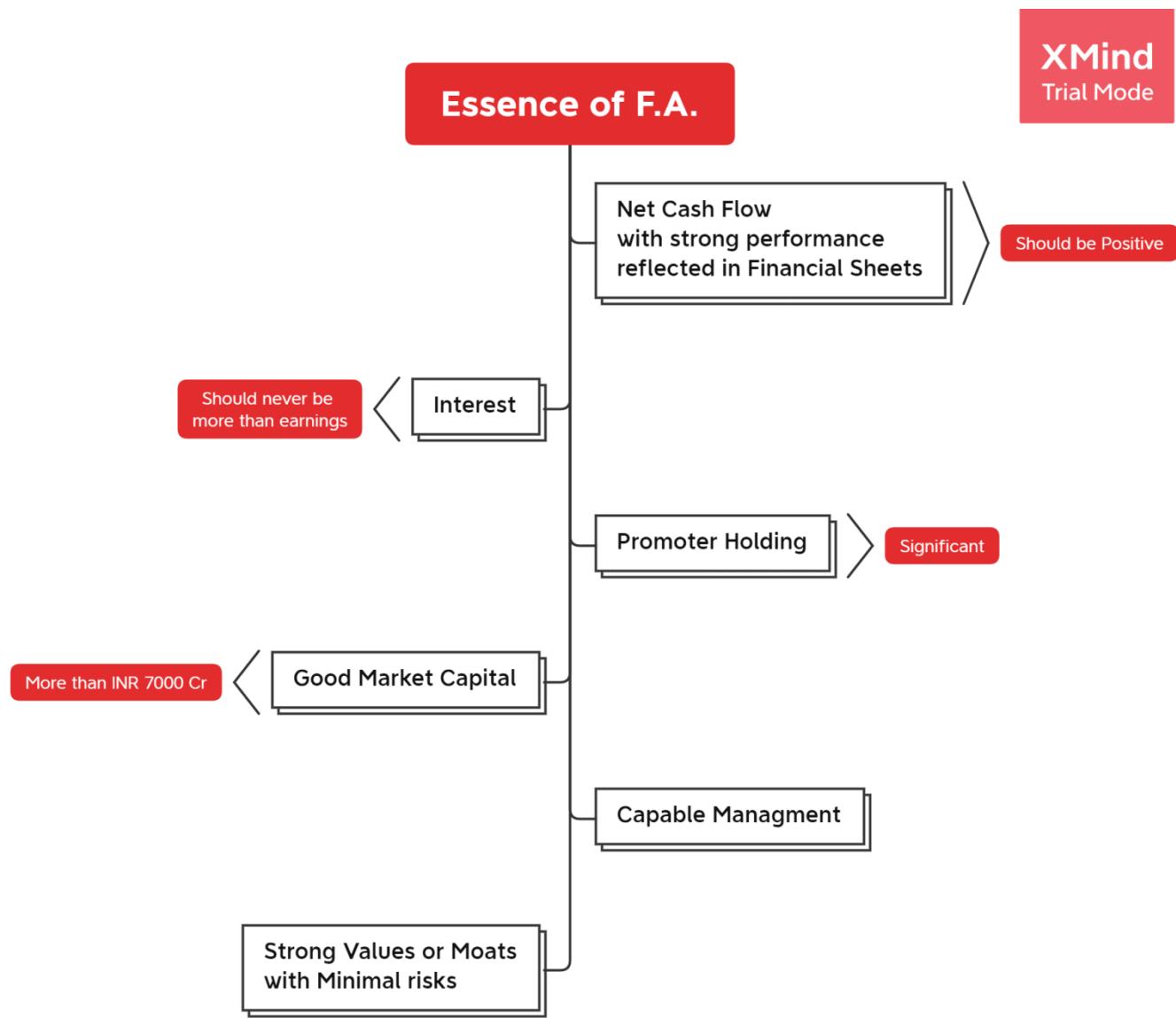


Fig. The simplest Fundamental analysis procedure

Although there's a whole new world of Fundamental Analysis study which comes under the domain of long term investing, only this crude analysis is enough for selecting a multibagger.

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Net Cash flow: A positive cash flow ensures that the company will be able to pay out money to all its shareholders, has capability to reinvest, and easily square off or settle the future debt payment installments. A negative cash flow will surely raise eyebrows.

Strong Management: The management should be able to make strong decisions for profitability of the business. Independence of the board members, transparency of the business and funds transactions, discipline and personal interest issues are some other factors to just skim through in this fundamental analysis.

Promoter's status: Promoter's holding should always be significant in a stock. Sometimes promoters pledge their shares for their short term gains on other trades, but this pledging is not at all desirable as it reduces the actual holding of a promoter.

Strong Moats: Any business which has the potential to become a multibagger will always have an appeal to common folk or is a commodity/ service whose requirement never ceases. If you find any such stock, then you have quite literally found your jackpot!

Case study of Rakesh Jhunjhunwala:

The best way to learn about something is to learn from experience, if available. So we'll analyze one of the most popular big bulls in India Rakesh Jhunjhunwala and his multibagger Titan.

He started investing in Titan in 2002-03 and his average buying price of his holding was 3Rs a share, thanks to all the bonuses and splits. It went to touch 1572 and currently slightly below 1500 levels.

CarefulSwift_MACD_Real published on TradingView.com, March 18, 2021 15:27:32 IST
NSE:TITAN, 1M 1466.95 ▼ -5.60 (-0.38%) O:1421.50 H:1531.00 L:1416.60 C:1466.95

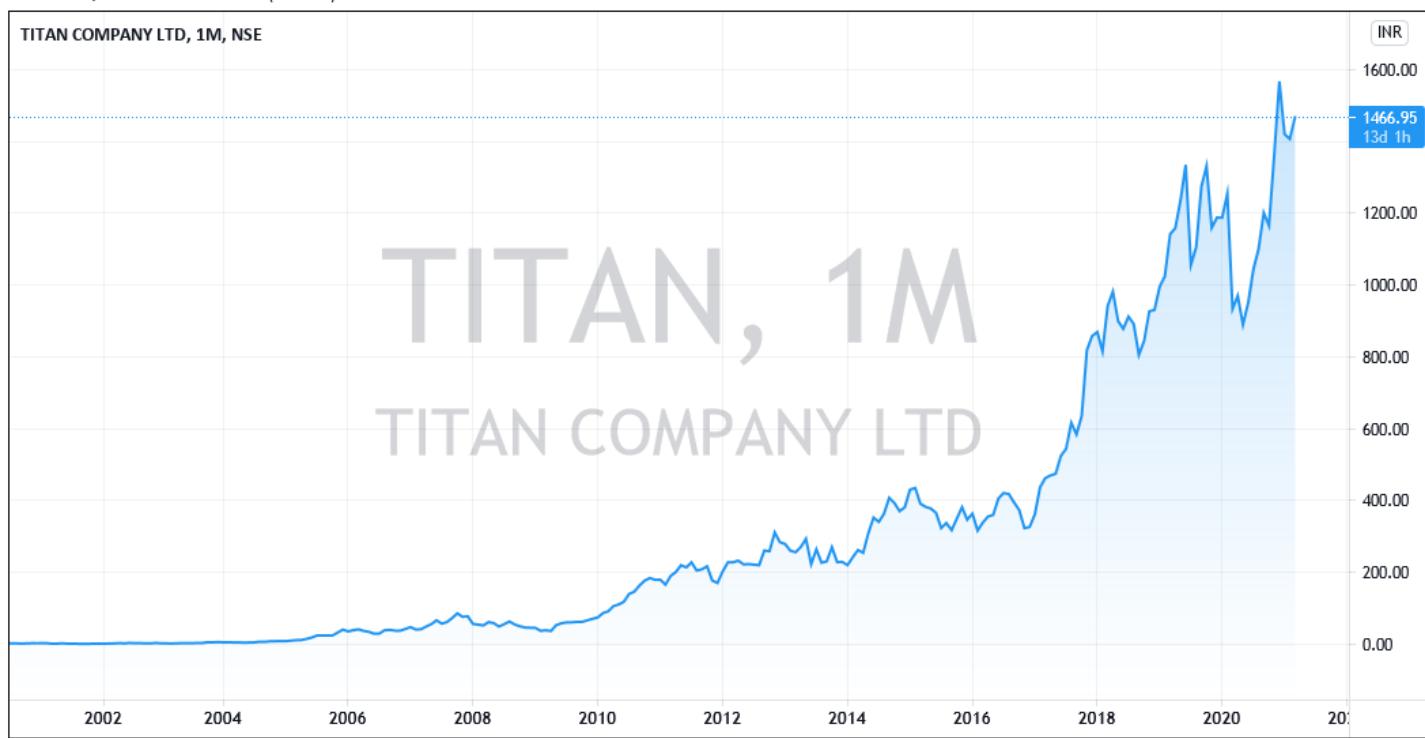


Fig. Price graph of Titan since 2002, till date

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Year	Titan Price	Performance w.r.t. past year
2002	3	
2003	2	-33%
2004	4	100%
2005	45	1025%
2006	22	-51%
2009	33	50%
2011	240	627%
2012	314	30%
2015	450	43%
2016	290	-35%
2018	1000	244%
2019	1400	40%
2020	1520	8.5%

This data proves to us that it doesn't require great fundamental analysis. What is required is the capability to withstand heart-wrenching and gut demolishing emotional stability. In 2004, when Rakesh Jhunjhunwala got 100% return he could have simply sold, but he didn't.

A normal person would have sold seeing 50% gains.

When in 2006, his portfolio went 51% down any other person would have sold and left way before but he stood there and that's why he is a big bull.

No fundamental analysis has made Rakesh Jhunjhunwala who he's rather it is his sheer guts and emotional stability which has landed such a massive fortune to him. So all you need is guts to see off this emotional roller coaster ride, which may dry up blood in your veins or take you to immense stress, but everything has a price to pay for and a result which can only be desired by the mass and cherished by a few.

Your Go-to plan to invest in Multibaggers:

So now you have learnt the rules of the game, it's all about playing in the right mindset. You have seen how much profit and profit potential Rakesh Jhunjhunwala had reaped through one of many multibaggers he has in his portfolio. All you have to do is stay away from temptation to sell as you have already beaten a huge mass in the game. Now, your target is to be in 1% who reaps humongous profits.

Mindset is a most precious asset of a person who is in stock markets whether he/she is a trader or an investor. People can copy strategies or investments, but no one can copy your mindset. So did happen with all who invested in Titan along with Rakesh Jhunjhunwala, but all of them sold as they copied his investment, not his mindset. To forge an investor mindset, you need to surround yourself with people who had put their money in markets in the form of investments and faced this emotional torment before. They will guide you exceptionally well and assist you in creating your own golden mindset over the course of years.

We know that the temptation to fall prey to greed is overwhelming but if we assure you that if you hold our hand and be in touch with us through our emailing list and blogs, you'll remain focused and achieve your target sooner. In this conquest, we'll prove to be resourceful through our YouTube Channel, Blogs and Emails. So rush, as you don't want to miss out!

Blogs: <https://goelasf.in/blogs>

YT Channel: https://www.youtube.com/channel/UCN5qpJ_OZl53SfMbVPjA6sg

Happy Investing and stay safe!